BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

In Re:	Michael D. & Lisa D. Williams Ward 55, Block 39, Parcel 41)
	Residential Property) Shelby County
	Tax year 2006	j

INITIAL DECISION AND ORDER

Statement of the Case

On August 29, 2006, the Shelby County Assessor of Property ("Assessor") issued notice

of the following prorated assessment of the subject property:1

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$419,300	\$615,900	\$1,035,200	\$258,800

The property owners have filed an appeal with the State Board of Equalization ("State Board").

The undersigned administrative judge conducted a hearing of this matter on December 14, 2006 in Memphis. In attendance at the hearing were the appellant Mike Williams and Ronald Palmer, a staff appraiser for the Assessor's office.

Findings of Fact and Conclusions of Law

The nearly two-acre parcel in question is located at 4406 Chickasaw Road, in a desirable east Memphis neighborhood. Mr. and Ms. Williams purchased this property for \$575,000 on November 15, 2004. Then situated on the land was a 3,850-square foot residence that dated from the mid-Fifties.

According to Mr. Williams' testimony, this house was in need of considerable repairs at the time of sale. He and his wife proceeded to undertake not only the necessary maintenance, but also the addition of a master bedroom and attached garage. This project, which was substantially completed on or about March 1, 2006, expanded the home's total living area to 6,361 square feet.

The present valuation of the subject lot is not at issue. The appellant contended, however, that the Assessor's office had overestimated the contributory value of the remodeled structure.² In his opinion, it was only worth \$478,937. Mr. Williams derived that figure by multiplying the average appraised value per square foot of four other houses on the same street

¹This notice informed the taxpayers that, according to the Assessor's records, "the modification to your improvements were [sic] completed by 03/01/2006." The prorated appraisal was based on an estimated market value of \$1,124,800.

²In tax year 2006, the Assessor's original improvement value was \$160,700.

(\$75.29) times the total area of his home. He also cited the sale of a 5,006-square-foot house at 4526 Chickasaw for \$732,000 several weeks before his purchase of the subject property.³

Mr. Palmer deemed the Assessor's value to be consistent with the comparative sales information he had obtained through CHANDLERREPORTS.COM. Most of the listed comparables, the veteran appraiser emphasized, had smaller lots.

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values...."

Since the taxpayers seek to change the present valuation of the subject property, they have the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

As the Assessor's representative readily conceded, an extensively remodeled home like the subject poses a difficult appraisal problem. This problem cannot be solved by referring to the appraised values of other houses in the neighborhood; for as the Assessment Appeals Commission observed in the case of <u>Stella L. Swope</u> (Davidson County, Tax Years 1993 & 1994, Final Decision and Order, December 7, 1995):

The assessor's recorded values for other properties may suffer from errors just as Ms. Swope has alleged for her assessment, and therefore the recorded values cannot be assumed to prove market value.

Id. at p. 2.

Moreover, nothing in the record suggests that any of the four Chickasaw homes with which Mr. Williams compared the appraisal of his own property had been so substantially and recently upgraded.

Likewise, the proof does not establish that the effective age of 4526 Chickasaw – the only purportedly comparable sale adduced by the appellant – was similar to that of the expansion home in question.⁴

For these reasons, the administrative judge must respectfully recommend affirmation of the disputed appraisal.

<u>Order</u>

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

		- Thing values be adopted for tax year 2005.		
LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT	
\$419,300	\$615,900	\$1,035,200	\$258,800	

³Mr. and Ms. Williams had unsuccessfully offered to buy 4526 Chickasaw.

⁴Mr. Palmer estimated the effective age of the taxpayers' remodeled house (as a whole) to be no older than 1990.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

- 1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal "must be filed within thirty (30) days from the date the initial decision is sent." Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal "identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order"; or
- 2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 22nd day of January, 2007.

Pete Foesch
PETE LOESCH

ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

cc: Michael D. Williams Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office

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